



MIDVAAL LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2010

I am responsible for the preparation of these financial statements, which are set out on pages 1 to 26 in terms of Section 123(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 16 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

ASA De Klerk
Municipal manager

Date: 25 August 2010

MIDVAAL LOCAL MUNICIPALITY

INDEX

	Page
Statement of Financial Position	1
Statement of Financial Performance	2
Statement of Changes in net Assets	3
Cash Flow Statement	4
Accounting Policies	5 - 12
Notes to the Annual Financial Statements	13 - 19
Appendix A: Schedule of External Loans	20
Appendix B: Analysis of Property, Plant and Equipment	21 - 22
Appendix C: Segmental Analysis of Property, Plant and Equipment	23
Appendix D: Segmental Statement of Financial Performance	24
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	25
Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)	26

MIDVAAL LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	Note	2010 R	2009 R
LIABILITIES			
Current liabilities		(85 762 449)	(72 384 299)
Consumer deposits	2	(7 359 777)	(5 974 800)
Provisions	3	(1 078 492)	(974 601)
Trade payables	4	(61 815 873)	(47 061 158)
Unspent conditional grants and receipts	5	(7 739 199)	(11 123 516)
Current portion of long-term liabilities	1	(7 769 108)	(7 250 224)
Non -current liabilities		(125 123 792)	(93 930 861)
Long-term liabilities	1	(125 123 792)	(93 930 861)
Accumulated surplus	28	(608 859 482)	(514 261 945)
<i>Total Liabilities</i>		<u>(819 745 723)</u>	<u>(680 577 105)</u>
ASSETS			
Current Assets		107 983 547	91 577 613
Inventory	8	196 376	141 350
Consumer receivables	9	94 713 386	78 297 301
Other receivables	10	11 889 662	11 109 284
Value Added Taxation (VAT)		-	-
Bank balances and cash	11	1 184 123	2 029 678
Non-current assets		711 762 176	589 099 492
Property, plant and equipment	6	711 762 176	589 099 492
Investments	7	-	-
<i>Total Assets</i>		<u>819 745 723</u>	<u>680 677 105</u>

**MIDVAAL LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 R	2009 R
REVENUE			
Property rates	12	68 705 156	59 958 200
Service charges	13	183 873 119	154 115 288
Rental of facilities and equipment		1 373 216	982 295
Interest earned - external investments		1 083 324	2 287 534
Interest earned - outstanding debtors		5 716 201	6 678 516
Government grants and subsidies	14	168 510 120	44 392 058
Fines		8 714 953	5 045 975
Other income	15	34 260 982	26 416 795
Public contributions and donations		5 848 952	2 571 182
Total Revenue		478 086 023	302 447 843
EXPENDITURE			
Employee related costs	16	(108 875 970)	(98 615 359)
Remuneration of councillors	17	(4 636 475)	(4 333 182)
Bad debts	9	(6 140 000)	(300 000)
Depreciation	6	(44 701 646)	(41 117 313)
Repairs and maintenance		(23 079 893)	(26 685 028)
Interest paid	18	(12 184 718)	(9 107 153)
Bulk purchases	19	(113 653 706)	(85 693 978)
Contracted services		(35 133 019)	(36 186 976)
General expenses	20	(35 083 059)	(37 918 310)
Total Expenditure		(383 488 486)	(339 957 299)
SURPLUS (DEFICIT) FOR THE YEAR		94 597 537	(37 509 456)

MIDVAAL LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

	Public Contributions Reserve	Grant Reserve	Capital Replacement Reserve	Surplus/ (Deficit)	Accumulated Surplus
	R	R	R	R	R
Balance at 1 July 2008	(12 288 766)	(104 193 603)	(38 604 404)	(362 825 249)	(517 912 022)
2009					
Deficit for the year	-	-	-	37 509 456	37 509 456
Write off provision of Sundry Creditors				(33 859 379)	(33 859 379)
Capital grants used to purchase PPE		(6 381 413)		6 381 413	-
Depreciation for the year		6 048 559		(6 048 559)	-
Land and other contributions received			(11 663 458)	11 663 458	-
Portions utilised during the year			5 079 801	(5 079 801)	-
Balance at 30 June 2009	(12 288 766)	(104 526 457)	(45 188 061)	(352 258 661)	(514 261 945)
2010					
Surplus for the year	-	-	-	(94 597 537)	(94 597 537)
Write off provision of Sundry Creditors				-	-
Capital grants used to purchase PPE	(99 247 805)	(28 261 578)	2 995 397	124 513 986	-
Depreciation for the year	864 816	6 667 980		(7 532 796)	-
Land and other contributions received			(6 395 060)	6 395 060	-
Portions utilised during the year				-	-
Balance at 30 June 2010	(110 671 755)	(126 120 055)	(48 587 724)	(323 479 948)	(608 859 482)

MIDVAAL LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 R	2009 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		266 832 599	154 547 662
Cash received from service		150 445 772	134 841 735
Cash paid to suppliers and employees		<u>(276 185 261)</u>	<u>(280 473 869)</u>
Cash generated from (utilised in) operations		141 093 110	8 915 528
Interest received		5 898 569	5 754 219
Interest paid	18	<u>(12 184 718)</u>	<u>(9 107 153)</u>
NET CASH FROM OPERATING ACTIVITIES		<u>134 806 961</u>	<u>5 562 594</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(167 485 129)	(43 745 455)
Proceeds on disposal of property, plant and equipment		120 798	222 072
Decrease in non-current investments			25 000 000
NET CASH FROM INVESTING ACTIVITIES		<u>(167 364 331)</u>	<u>(18 523 383)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised		31 711 815	13 221 332
NET CASH FROM FINANCING ACTIVITIES		<u>31 711 815</u>	<u>13 221 332</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		<u>(845 555)</u>	<u>260 543</u>
Cash and cash equivalents at the beginning of the year		2 029 678	1 769 136
Cash and cash equivalents at the end of the year	11	<u>1 184 123</u>	<u>2 029 679</u>

	2010 R	2009 R
1 LONG-TERM LIABILITIES		
External Loans	120 840 679	92 250 708
Unspent Loans	12 052 221	8 930 377
Sub-Total	132 892 900	101 181 085
Less: Current portion transferred to current liabilities	7 769 108	7 250 224
External Loans	7 769 108	7 250 224
Net External Loans - Long term	125 123 792	93 930 861

2 CONSUMER DEPOSITS		
Electricity and Water	7 359 777	5 974 800
Total Consumer Deposits	7 359 777	5 974 800

3 PROVISIONS LANDFILL SITE		
Opening Balance	974 601	789 711
Movement for the year	103 891	184 890
Utilised		-
Increase in the provision	103 891	184 890
Closing balance	1 078 492	974 601

The leave pay provision relates to vested leave pay to which employees may become entitled upon leaving the employment of the Municipality. The provision arises as employees render a service that increases their entitlement to future compensated leave. The provision is utilised when employees who are entitled to leave pay, leave the employment of the Municipality or when the accrued leave due to an employee, is utilised

Management did not accrue for audit fees as the audit is only performed after year end.

The Municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. A provision for this obligation was calculated based on engineering reports.

4 TRADE PAYABLES		
Trade Payables	39 532 763	26 495 968
Payments received in advance	10 378 378	7 409 858
Retentions	2 667 045	4 088 957
Leave Payables	6 628 206	6 275 406
Other Payables	2 117 142	2 457 312
Deposits - Other	492 339	333 657
	61 815 873	47 061 158

5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Municipal infrastructure Grants (MIG)	-	(4 778 052)
Provincial Local Economy Development (LED) Projects	(7 739 199)	(6 345 464)
Department of Arts and Culture	(1 490 590)	(5 192 181)
Thusang Conventional Centre	-	(203 816)
National Treasury	(45 000)	(141 000)
Bottle Ke Botho Cleaning Campaign	(271 385)	(271 385)
Sedibeng District Council (Emergency water)	(3 006 607)	-
Department of Water Affairs	(2 498 205)	-
Department of Sports and Recreation	(28 988)	(28 988)
Sedibeng District Council (Clinic)	(322 298)	(322 298)
HIV Grant	(76 126)	(185 796)
Total Conditional Grants and Receipts	(7 739 199)	(11 123 516)

5.1 Municipal Infrastructure Grants (MIG)

Balance unspent at beginning of year	(4 778 052)	(84 997)
Current year receipts	(16 392 000)	(9 181 000)
Conditions met - transferred to revenue	21 170 052	4 487 945
	-	(4 778 052)

This grant was used for Capital projects

5.2 Thusang Project Sicelo

Balance unspent at beginning of year	(203 816)	(203 816)
Current year receipts	-	-
Conditions met - transferred to revenue	203 816	-
Conditions still to be met- transferred to liabilities	-	(203 816)

This grant was used to build the Covention Centre

5.3 National Treasury

Balance unspent at beginning of year	(141 000)	(443 500)
Current year receipts		(141 000)
Conditions met - transferred to revenue	96 000	443 500
Conditions still to be met- transferred to liabilities	(45 000)	(141 000)

This grant is used to finance the cost in respect of the Interns and to update the asset register

5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS (CONTINUE)

5.4 Bontle Ke Botho Cleaning Campaign

	2010 R	2009 R
Balance unspent at beginning of year	(271 385)	(350 316)
Current year receipts	-	-
Conditions met - transferred to revenue	-	78 931
Conditions still to be met- transferred to liabilities	(271 385)	(271 385)

This balance of this grant will be used to finance the cleaning campaign

5.5 Sedibeng District Water (Emergency Water)

Balance unspent at beginning of year	-	-
Current year receipts	(3 006 607)	-
Conditions met - transferred to revenue	-	-
Conditions still to be met- transferred to liabilities	(3 006 607)	-

This grant will be used for operational expenditure

5.6 Department of Water Affairs

Balance unspent at beginning of year	-	-
Current year receipts	(5 153 503)	-
Conditions met - transferred to revenue	2 655 298	-
Conditions still to be met- transferred to liabilities	(2 498 205)	-

This grant will be used to finance the relevant operational expenditure

5.7 Department of Sports and Recreation

Balance unspent at beginning of year	(28 988)	(28 988)
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met- transferred to liabilities	(28 988)	(28 988)

This grant will be used to build the soccer field

5.8 Sedibeng District Council (Clinic)

Balance unspent at beginning of year	(322 298)	(361 948)
Current year receipts	-	-
Conditions met - transferred to revenue	-	39 650
Conditions still to be met- transferred to liabilities	(322 298)	(322 298)

This grant will be used to upgrade the Meyerton Clinic

5.9 HIV Grant

Balance unspent at beginning of year	(185 796)	(378 208)
Current year receipts	-	-
Conditions met - transferred to revenue	109 670	192 412
Conditions still to be met- transferred to liabilities	(76 126)	(185 796)

The HIV programme will be financed with this grant

5.10 Department of Arts and Culture

Balance unspent at beginning of year	(5 192 181)	(251 999)
Current year receipts	(189 000)	(6 644 000)
Conditions met - transferred to revenue	3 890 591	1 703 818
Conditions still to be met- transferred to liabilities (see note 6)	(1 490 590)	(5 192 181)

This grant will be used to finance the relevant operational and capital expenditure

6 PROPERTY, PLANT AND EQUIPMENT

As a result of the adoption of GRAP 17 -Property plant and equipment-, Midvaal Local Municipality performed a detailed review of the fixed asset register with the assistance of independent third parties. This entailed a full physical count of all fixed asset and updating the values to reflect the current estimated net book value.

Reconciliation of Carrying Value	Land and Buildings	Infra- structure	Community	Other	Total
	R	R	R	R	R
Carrying values at 1 July 2008	28 512 681	483 431 189	57 625 299	17 308 242	586 877 411
Cost	28 512 681	568 563 457	60 425 614	31 552 141	689 053 893
Accumulated depreciation	0	(85 132 268)	(2 800 315)	(14 243 899)	(102 176 482)
Fair value	0	351 745 496	795 000	8 272 577	360 813 073
Accumulated depreciation	0	55 379 101	7 631 911	13 721 283	76 732 295
Disposals	0	0	0	406 061	406 061
Cost	0	0	0	1 012 217	1 012 217
Accumulated depreciation	0	0	0	(606 156)	(606 156)
Acquisitions	0	17 523 132	6 604 732	5 324 706	29 452 570
Work in progress	0	10 396 350	3 884 896	11 640	14 292 886
Depreciation	0	33 792 801	2 304 923	5 019 589	41 117 313
Carrying values at 30 June 2009	28 512 681	477 557 870	65 810 004	17 218 938	589 099 492
Cost	28 512 681	596 482 939	70 915 242	35 876 270	731 787 131
Accumulated depreciation	0	(118 925 069)	(5 105 238)	(18 657 332)	(142 687 639)

Reconciliation of Carrying Value	Land and Buildings	Infra- structure	Community	Other	Total
	R	R	R	R	R
Adjusted Carrying values at 1 July 2009	28 522 681	477 411 937	66 100 370	17 064 503	589 099 491
Cost	28 522 681	596 334 980	71 627 783	35 301 687	731 787 131
Accumulated depreciation	0	(118 923 043)	(5 527 413)	(18 237 184)	(142 687 640)
Disposals	0	0	0	120 798	120 798
Cost	0	0	0	415 388	415 388
Accumulated depreciation	0	0	0	(294 590)	(294 590)
Acquisitions	864 000	148 030 523	5 791 968	2 313 692	157 000 182
Work in progress	0	9 098 370	1 252 114	134 463	10 484 947
Depreciation	0	36 661 812	2 412 280	5 627 554	44 701 646
Carrying values at 30 June 2010	29 386 681	597 879 017	70 732 172	13 764 306	711 762 176
Cost	29 386 681	753 463 872	78 671 865	37 334 454	898 856 872
Accumulated depreciation	0	(155 584 855)	(7 939 693)	(23 570 148)	(187 094 696)

	2010 R	2009 R	
7 INVESTMENTS			
Financial Instruments			
Total	-	-	
No investments were made as at 30 June 2010			
8 INVENTORY			
Fuel	44 864	-	
Water - at cost	151 512	141 350	
Total Inventory	196 376	141 350	
9 TRADE AND OTHER RECEIVABLES			
	Gross Balances	Provision for Doubtful debts	Net Balance
2009			
Service Debtors			
Rates	15 787 575	895 615	14 891 960
Electricity	9 354 426	1 717 427	7 636 999
Water	21 255 501	3 006 790	18 248 711
Sewerage	9 208 416	1 690 620	7 517 796
Refuse	5 749 819	1 055 638	4 694 181
Total	61 355 737	8 366 090	52 989 647
2010			
Service Debtors			
Rates	19 121 094	793 515	18 327 579
Electricity	13 816 688	1 442 220	12 374 468
Water	19 147 822	1 998 699	17 149 123
Sewerage	10 127 794	1 057 164	9 070 630
Refuse	7 141 539	745 452	6 396 087
Total	69 354 937	6 037 050	63 317 887
Other Receivables	31 395 499	25 307 654	
Rates: Ageing			
Current (0 - 30 Days)	4 340 663	5 676 004	
31 - 60 Days	2 592 905	954 027	
61 - 90 Days	1 128 653	905 952	
91 - 120 Days	769 850	698 073	
+ 120 Days	10 289 023	7 553 518	
	19 121 094	15 787 574	
Electricity, Water Sewerage and Refuse: Ageing			
Current (0 - 30 Days)	14 460 525	20 956 613	
31 - 60 Days	3 702 289	1 983 642	
61 - 90 Days	2 803 751	1 631 785	
91 - 120 Days	2 338 105	1 658 982	
+ 120 Days	26 929 174	19 337 141	
	50 233 844	45 568 163	
Reconciliation of doubtful debt provision			
Balance at beginning of year	8 366 090	17 052 240	
Increase in provision	6 140 000	300 000	
Bad debts written off against provision	(8 469 041)	(8 986 150)	
Balance at end of year	6 037 049	8 366 090	

The provision for doubtful receivables covers losses where there is objective evidence that the municipality incurred a loss at the balance sheet date. These incurred loss events have been estimated based upon historical patterns of losses. When a receivable is uncollectible, it is written off or provided for through the income statement. Subsequent recoveries are credited the statement of financial performance.

	2010 R	2009 R
10 OTHER RECEIVABLES		
Sundry Receivables	3 975 037	5 048 233
Value Added Taxation (VAT)	7 914 625	6 061 051
	<u>11 889 662</u>	<u>11 109 284</u>
VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.		
11 BANK BALANCES AND CASH		
The municipality has the following bank accounts:-		
Current Account (Primary Bank Account)		
ABSA Bank Ltd - Public Gauteng East Branch - Account Number 405 320 3845		
Current Account (Traffic Fines)		
First National Bank Meyerton Branch Account Number 62083734262		
Bank balances and cash at beginning of year	2 029 678	1 769 136
Bank balance balance at end of year	<u>1 184 123</u>	<u>2 029 678</u>
Bank statement balance at beginning of year	13 406 921	8 355 043
Bank statement balance at end of year	<u>1 191 873</u>	<u>13 406 921</u>
Guarantees held in lieu of Electricity and Water Deposits	<u>261 100</u>	<u>261 100</u>
12 PROPERTY RATES		
<u>Actual</u>		
Residential	50 774 615	47 061 207
Commercial	13 684 339	10 479 868
State	4 246 202	2 417 125
Total Assessment Rates	<u>68 705 156</u>	<u>59 958 200</u>
<u>Valuations</u>	<u>Jul-09</u>	<u>Jul-08</u>
	<u>R000'</u>	<u>R000'</u>
Residential	8 534 922	8 325 187
Commercial	1 051 906	1 041 937
State	267 588	265 279
Municipal	106 440	201 695
Total Property Valuations	<u>9 960 856</u>	<u>9 834 098</u>
Valuations on land and buildings are performed every four years according to the Property Rates Act 6 of 2004 which was implemented 1 July 2007. Interim valuations are processed as needed. A new valuation roll w come into effect from 1 July 2011. Rebates of 50 % are granted to improved residential property owners amounting to a value of R28 146 511		
13 SERVICE CHARGES		
Sale of Electricity	82 337 461	61 979 012
Sale of Water	67 978 064	61 238 207
Refuse Removal	14 904 001	13 060 320
Sewerage and sanitation charges	18 653 593	17 837 749
Total Service Charges	<u>183 873 119</u>	<u>154 115 288</u>
14 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable Share and other grants	142 760 132	36 542 235
Capital expenditure grants conditions met	25 749 988	7 849 823
Total Government Grants and Subsidies	<u>168 510 120</u>	<u>44 392 058</u>
14.1 Equitable Share		
In terms of the Constitution, this grant is partially used to subsidise the provision of basic service to indigent community members. All registered indigents receive a subsidy of R 195 per month [2008;R175] from this grant.		
15 OTHER INCOME		
New Service Connection Fees	2 648 498	2 401 586
Re - Connection Fees	2 237 592	2 079 848
Building Plan Fees	1 040 188	1 255 572
Prepaid Services	27 599 335	20 301 188
Sundry income	735 369	378 601
Other Income	<u>34 260 982</u>	<u>26 416 795</u>

	2010 R	2009 R
16 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	70 486 822	62 747 628
Employee related costs - Contributions for UIF, pensions and medical aids	20 462 046	18 352 237
Travel, motor car, accommodation, subsistence and other allowances	5 781 356	5 617 109
Housing benefits and allowances	998 050	1 271 971
Overtime payments	5 150 856	6 068 719
Leave bonus	5 996 840	4 557 695
Total Employee Related Costs	108 875 970	98 615 359

Remuneration of the Municipal Manager

Annual Remuneration	420 000	363 139
Performance Bonuses	137 413	101 260
Car Allowance	120 000	168 000
Contribution to UIF, Medical and pension Funds	512 222	401 411
Total	1 189 635	1 033 810

Remuneration of the Chief Financial Officer

Annual Remuneration	492 000	453 600
Performance Bonuses	121 981	44 673
Car Allowance	144 000	144 000
Contribution to UIF, Medical and pension Funds	293 843	226 650
Total	1 051 824	868 923

Remuneration of Individual Executive Directors

	<u>Technical Services</u> R	<u>Corporate Services</u> R	<u>Community Services</u> R
Annual Remuneration	552 000	900 000	672 000
Performance Bonuses	125 836	133 418	121 247
Car Allowance	132 000	60 000	78 000
Contribution to UIF, Medical and pension Funds	245 843	18 794	179 843
Total	1 055 679	1 112 212	1 051 090

	<u>Protection Services</u> R	<u>Development & Planning</u> R	<u>Director Human Resources</u> R
Annual Remuneration	672 000	492 000	492 000
Performance Bonuses	128 498	124 827	123 083
Car Allowance	30 000	144 000	60 000
Contribution to UIF, Medical and pension Funds	227 843	293 842	377 797
Total	1 058 341	1 054 669	1 052 880

17 REMUNERATION OF COUNCILLORS

Executive Mayor	572 108	534 681
Speaker	461 105	430 942
Mayoral Committee Members	1 300 065	1 215 020
Councillors	2 303 197	2 152 539
Total Councillors' Remuneration	4 636 475	4 333 182

In-kind Benefits

The Mayor, Speaker, Whip and 3 Executive Committee Member are full-time. Each is provided with an office and secretarial support at the cost of the Council. Remuneration of Councillors are according to Section 219(1)b of the Constitution

18 INTEREST PAID

Total Interest on External Borrowings	12 184 718	9 107 153
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19 BULK PURCHASES

Electricity	69 759 003	52 539 524
Water	43 894 703	33 154 454
Total Bulk Purchases	113 653 706	85 693 978

20 GENERAL EXPENSES

Included in general expenses are the following:-

	2010 R	2009 R
Audit Fees	831 525	893 406
Valuation Roll	1 075 720	1 645 579
Fuel	3 277 516	4 022 605
Computer Services	218 227	464 353
New Service Connections	2 670 187	3 041 659
Services to informal settlements	1 378 413	129 297
Rental	6 796 178	4 813 838
Telecommunications	1 203 596	1 123 507
Sundry expenses	17 631 697	21 784 066
	<u>35 083 059</u>	<u>37 918 310</u>

21 RECONCILIATION OF (SURPLUS) DEFICIT FOR THE YEAR TO NET CASH FROM OPERATING ACTIVITIES

(Surplus) Deficit for the year	(94 597 537)	37 509 456
Non-cash movements:		
Depreciation	44 701 646	41 117 313
Increase (decrease) in provision for bad debts	6 140 000	300 000
Increase/(decrease) in trade payables	(14 754 715)	(24 661 400)
(Decrease)/increase unspent conditional grants and receipts	(3 384 317)	9 019 744
Decrease/(increase) in inventories	(55 026)	(88 481)
Increase government grant reserve		332 854
(Decrease)/increase in provisions	(103 891)	868 011
Increase in consumer deposits	1 384 977	247 113
Increase in non cash flow items relating to reserves recorded in the income statement		
Increase/(decrease) in capital replacement reserve	3 399 663	6 583 657
Increase/(decrease) in donations and public contributions reserve	98 382 989	-
Increase/(decrease) in trade and other receivables	17 196 463	9 712 300
Net cash flows from operating activities	<u>58 310 252</u>	<u>80 940 567</u>

22 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see Note 1)	132 892 900	101 181 085
Used to finance property, plant and equipment - at cost	<u>(36 878 157)</u>	<u>(30 392 169)</u>
Sub-total	96 014 743	70 788 916
Cash invested for repayment of long-term liabilities (see note 1)	<u>7 769 108</u>	<u>7 250 224</u>

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

23 SUNDRY ISSUES

23.1 PAYE and UIF

Amount paid - current year

13 797 510	12 028 166
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23.2 VAT

VAT inputs receivable and VAT outputs payable are shown in note 10. All VAT returns have been submitted by the due date throughout the year.

23.3 Pension and Medical Aid Deductions

Amount paid - current year Pension

19 438 633	17 641 574
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Amount paid - current year Medical

9 216 138	8 263 499
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23.4 Audit fees

Amount paid

831 525	893 406
---------	---------

The amount represents the total audit fees paid in the current financial year. In the previous year an amount of R 680 000 was included as a provision for the 2005/2006 financial year.

23.5 Water loss

Water loss decrease from 25.77 % in 2009 to 22.29% for 2010. A revenue protection unit was established to manage future water losses.

23.6 Correction of Escom Account

Due to an incorrect meter levy by Escom Council will be liable for an amount of R 4 260 602 for electricity used in 2009/2010.

24 RETIREMENT BENEFIT INFORMATION

Council and employees contribute towards the under-mentioned Pension Funds whose operations are subject to the Pension Fund Act, 1956. Although a request was sent to the funds, only some actuarial valuations were received to assess whether the funds are in a sound financial position. Therefore a contingent liability may exist which is undisclosed. Management are of the opinion that the contingent liability will not be of a material amount.

The Council subscribes to the following pension funds:

Municipal Gratuity Fund
Municipal Employees Pension Fund
Joint Municipal Employees Pension Fund
Germiston Municipal Retirement Fund
Old Mutual Sala Pension Fund
National Fund For Municipal Workers
SAMWU National Provident Fund
Councillors Pension Fund

25 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E(1) and E(2).

2010	2009
R	R

26 AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE

No awards were allocated of more than R2 000 to a person who is a spouse child or parent of a person in the service of the state

27 COUNCILLOR'S ARREAR CONSUMER ACCOUNTS

The following Councillors had arrear accounts outstanding for more than 90 days as at:30 June 2009
30 June 2009 Councillor JJ Hofman
30 June 2010 Councillor MEP Lelokoane

-	3 239
3 451	-

28 ACCUMULATED SURPLUS/DEFICIT

The Accumulated Surplus is made up with the following:

Government grant reserve	126 120 055	104 526 457
Reserve and funds/Capital replacement reserve	48 587 724	45 188 061
Donations and public contributions reserves	110 671 755	12 288 766
Accumulated surplus	323 479 948	352 258 661
Total Accumulated surplus	608 859 482	514 261 945

29 RELATED PARTIES

Joint Ventures of key management
Close family member of key management (Refer to note 27)
Associate of close family member of key management
Member of key management

None
None
None
Directors remuneration - Refer to Employee Related Cost and Remuneration of Councillors notes

Compensation to Councillors and other management (Refer to note 16 & 17)

MIDVAAL LOCAL MUNICIPALITY
APPENDIX A: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 1/07/09	Received during the year	Redeemed written off during the year	Balance at 30/06/10
LONG-TERM LOANS			R	R	R	R
Walkerville	L009/WD	31/12/2007	-			-
Walkerville	L006/WD	30/06/2014	(187 173)		28 322	(158 851)
Walkerville	L007/WD	31/12/2012	(229 220)		53 975	(175 245)
Vaalmarina	L003/VM	30/06/2008	-			-
Vaalmarina	L001/VM	30/06/2014	(801 264)		121 244	(680 021)
Vaalmarina	L004/VM	31/12/2012	(543 337)		127 941	(415 397)
Vaalmarina	L002/VM	30/06/2014	(64 961)		9 830	(55 131)
Randvaal	L009/RV	31/12/2011	(121 138)		42 784	(78 354)
Randvaal	L010/RV	31/12/2011	(98 593)		34 822	(63 772)
Randvaal	L012/RV	31/12/2008	0			0
Randvaal	L014/RV	30/06/2009	-			-
Randvaal	L017/RV	31/12/2010	(123 993)		79 131	(44 861)
Randvaal	L023/RV	30/06/2015	(537 743)		63 268	(474 476)
Randvaal	L024/RV	31/12/2009	(113 828)		113 828	-
Midvaal	L023/M	30/06/2020	(8 780 245)		493 684	(8 286 560)
Midvaal	L022/M	30/06/2012	(4 037 674)		1 229 463	(2 808 212)
Midvaal	L021/M	30/06/2010	(849 641)		849 641	-
Midvaal	L024/M	30/06/2017	(15 462 907)		1 389 995	(14 072 912)
Midvaal	L025/M	2023/06/30	(36 706 572)		1 229 984	(35 476 589)
Midvaal	L026/M	2023/06/30	(4 804 838)		161 003	(4 643 835)
Midvaal	L027/M	2023/06/30	(12 618 715)		422 835	(12 195 880)
Midvaal	L028/M	2023/06/30	(13 284 313)		445 138	(12 839 175)
Midvaal	L029/M	2024/12/31	-	(15 700 000)	580 636	(15 119 364)
Midvaal	L030/M	2029/12/31		(12 650 000)	170 950	(12 479 050)
Midvaal	L031/M	2039/12/31		(1 500 000)	37 052	(1 462 948)
Midvaal	L032/M	2024/12/31	-	(8 800 000)	232 495	(8 567 505)
Midvaal	L033/M	2024/12/31		(1 350 000)	16 828	(1 333 172)
Midvaal Inca	MIDV-00-0001	30/09/2013	(1 814 927)		353 337	(1 461 590)
			-			-
			-			-
			-			-
Total long-term loans			(101 181 084)	(40 000 000)	8 288 185	(132 892 900)
TOTAL EXTERNAL LOANS			(101 181 084)	(40 000 000)	8 288 185	(132 892 900)

MIDVAAL LOCAL MUNICIPALITY
APPENDIX B: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010

							Accumulated Depreciation					Carrying Value 30-Jun-10
	Opening Balance 01-Jul-09	Adjusted Opening Balance 01-Jul-09	Additions	Work in Progress	Disposals	Closing Balance 30-Jun-10	Opening Balance 01-Jul-09	Adjusted Opening Balance 01-Jul-09	Depreciation	Depreciation on disposals	Closing Balance 30-Jun-10	
Land and Buildings												
Land	28 522 681	28 522 681	864 000	0	0	29 386 681	0	0	0	0	0	29 386 681
Buildings	0	0	0	0	0	0	0	0	0	0	0	0
	28 522 681	28 522 681	864 000	0	0	29 386 681	0	0	0	0	0	29 386 681
Infrastructure												
Roads & Bridges	201 993 619	201 993 619	36 546 784	0	0	238 540 403	53 532 128	53 532 128	16 207 576	0	69 739 703	168 800 700
Electricity Network	101 967 473	101 967 473	102 405 231	53 577	0	204 426 281	17 122 428	17 122 429	5 533 239	0	22 655 668	181 770 613
Fencing	1 597 482	1 586 132	18 138	0	0	1 604 270	1 163 466	1 161 590	201 562	0	1 363 151	241 119
Footways / Kerbing / Paving	2 235 073	2 235 073			0	2 235 073	151 629	151 629	111 677	0	263 306	1 971 767
Security Systems	127 141	127 141	0	0	0	127 141	46 701	46 701	18 759	0	65 460	61 681
Sewer Network	102 583 926	102 583 926	4 608 996	6 204 413	0	113 397 334	13 350 710	13 350 711	5 309 896	0	18 660 606	94 736 728
Water Network	185 841 615	185 841 615	4 451 374	2 840 380	0	193 133 369	33 557 856	33 557 856	9 279 104	0	42 836 959	150 296 410
	596 346 330	596 334 980	148 030 523	9 098 370	0	753 463 872	118 924 919	118 923 043	36 661 812	0	155 584 855	597 879 017
Community Assets												
Cemeteries	0	0	1 488 765	0	0	1 488 765	0	0	1 116	0	1 116	1 487 649
Clinics	6 227 549	6 227 549	0	0	0	6 227 549	473 147	473 147	206 403	0	679 550	5 547 999
Community Centres	11 232 320	11 232 320	1 032 984	753 023	0	13 018 328	1 063 326	1 063 326	382 506	0	1 445 832	11 572 496
Housing	161 398	161 398	0	0	0	161 398	16 356	16 356	5 376	0	21 732	139 666
Landfill Sites	2 519 547	2 519 547	685 011	103 891	0	3 308 448	567 188	567 188	89 607	0	656 796	2 651 653
Libraries	7 054 095	7 054 095	1 217 803	219 084	0	8 490 982	389 579	389 579	237 137	0	626 716	7 864 266
Municipal Offices	36 759 304	36 759 304	206 046	0	0	36 965 349	2 346 092	2 346 092	1 141 243	0	3 487 335	33 478 015
Old Age Homes	199 260	199 260	0	0	0	199 260	21 134	21 134	6 637	0	27 771	171 489
Sport Facilities	7 444 510	7 444 510	1 161 360	176 115	0	8 781 985	647 176	647 177	341 261	0	988 437	7 793 548
Taxi Ranks	29 800	29 800	0	0	0	29 800	3 414	3 414	993	0	4 407	25 393
	71 627 783	71 627 783	5 791 968	1 252 114	0	78 671 865	5 527 413	5 527 413	2 412 280	0	7 939 693	70 732 173
	696 496 794	696 485 444	154 686 490	10 350 484	0	861 522 418	124 452 331	124 450 456	39 074 092	0	163 524 548	697 997 870

APPENDIX B MIDVAAL LOCAL MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010							Accumulated Depreciation					Carrying Value
	Opening Balance	Adjusted Opening Balance	Additions	Work in Progress	Disposals	Closing Balance	Opening balance	Adjusted Opening Balance	Depreciation	Depreciation on disposals	Closing Balance	
	01-Jul-09	01-Jul-09				30-Jun-10	01-Jul-09	01-Jul-09			30-Jun-10	30-Jun-10
Total brought forward	696 496 794	696 485 444	154 686 490	10 350 484	-	861 522 418	124 452 331	124 450 456	39 074 092	-	163 524 548	697 997 870
Other Assets												
Computer Equipment	2 176 946	2 167 324	145 313	25 716	(92 933)	2 245 420	1 216 214	1 214 105	361 354	(79 887)	1 495 572	749 848.47
Emergency Equipment	849 804	827 279	0	0	(6 013)	821 267	314 043	308 714	80 761	(5 904)	383 571	437 696
Furniture & Fittings	3 597 869	3 626 981	127 630	85 463	(79 292)	3 760 781	1 685 380	1 691 231	513 386	(54 511)	2 150 106	1 610 675
Machinery & Equipment	7 834 058	7 813 989	21 218	0	(94 978)	7 740 228	3 434 515	3 444 273	1 189 461	(67 188)	4 566 547	3 173 681
Motor vehicles	19 190 455	19 220 530	2 019 530	0	(128 325)	21 111 735	10 715 448	10 715 696	3 296 145	(82 391)	13 929 449	7 182 286
Office Equipment	1 040 930	1 045 309	0	23 284	(13 846)	1 054 747	740 823	734 282	126 460	(4 709)	856 033	198 715
Refuse Containers	600 276	600 275	0	0	-	600 275	128 884	128 884	59 986	-	188 870	411 405
	35 290 337	35 301 687	2 313 692	134 463	-415 388	37 334 454	18 235 307	18 237 184	5 627 554	-294 590	23 570 148	13 764 306
Total	731 787 131	731 787 131	157 000 182	10 484 947	(415 388)	898 856 872	142 687 639	142 687 640	44 701 646	-294 590	187 094 696	711 762 176

MIDVAAL LOCAL MUNICIPALITY
APPENDIX C : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010

	Cost/Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Adjusted Opening Balance	Additions	Work in Progress	Disposals	Closing Balance	Opening Balance	Adjusted Opening Balance	Depreciation	Depreciation on disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	
Executive and Council	38 215 655	38 253 195	255 316	0	-24 854	38 483 657	4 930 069	4 938 440	1 739 098	-24 551	6 652 986	31 830 671
Finance and Admin	3 016 017	2 757 223	6 019	0	-138 723	2 624 519	1 048 550	975 455	464 167	-85 094	1 354 528	1 269 991
Planning and Development	1 427 915	1 440 831	85 000	0	-6 448	1 519 383	632 457	626 328	112 112	-4 804	733 636	785 747
Health	6 051 236	6 051 962	0	0	0	6 051 962	708 283	708 812	492 838	0	1 201 650	4 850 313
Housing	173 435	174 886	0	0	0	174 886	26 216	27 390	7 129	0	34 519	140 367
Community and Social Services	23 617 564	23 645 182	1 233 944	353 413	-609	25 231 930	1 431 015	1 433 924	485 705	-490	1 919 138	23 312 792
Sport and Recreation	11 799 796	11 887 810	2 304 243	955 884	-20 455	15 127 482	2 307 786	2 386 026	965 190	-19 569	3 331 647	11 795 835
Social Services	18 728 189	18 928 026	1 488 960	0	-58 636	20 358 350	894 868	920 846	342 261	-53 549	1 209 558	19 148 792
Waste Management	15 722 629	14 745 281	1 326 015	103 891	0	16 175 187	2 101 195	1 855 615	758 004	0	2 613 618	13 561 568
Waste Water Management	103 427 373	107 980 241	4 544 002	6 221 717	-440	118 745 521	13 022 843	15 854 017	6 012 210	-398	21 865 829	96 879 692
Road transport	198 731 272	198 840 079	31 618 087	0	-50 650	230 407 516	55 041 996	55 098 067	15 646 075	-4 661	70 739 481	159 668 035
Water	188 092 246	184 229 486	5 633 827	2 850 042	0	192 713 355	37 827 682	34 955 204	9 593 850		44 549 054	148 164 301
Electricity	111 443 068	111 651 517	103 207 719	0	-1 200	214 858 036	19 410 992	19 621 614	6 250 401	-1 086	25 870 929	188 987 106
Protection Services	8 213 181	8 111 676	261 498	0	-22 832	8 350 343	2 998 908	3 009 646	1 384 746	-22 832	4 371 560	3 978 783
Other	3 127 555	3 089 735	5 035 553	0	-90 540	8 034 748	304 779	276 255	447 863	-77 556	646 562	7 388 186
Total	731 787 131	731 787 131	157 000 182	10 484 947	(415 388)	898 856 873	142 687 639	142 687 640	44 701 646	(294 590)	187 094 696	711 762 176

MIDVAAL LOCAL MUNICIPALITY
APPENDIX D: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

2009 Actual Income R	2009 Actual Expenditure R	2009 (Surplus)/ Deficit R		2010 Actual Income R	2010 Actual Expenditure R	2010 (Surplus)/ Deficit R
(2 190 824)	24 611 485	22 420 661	Executive & Council	(2 663 473)	26 396 623	23 733 150
(71 766 104)	30 723 971	(41 042 133)	Finance & Admin	(80 905 128)	27 055 059	(53 850 069)
(1 679 780)	12 345 631	10 665 851	Planning & Development	(1 411 770)	14 987 107	13 575 337
(4 959 932)	5 358 445	398 513	Health	(5 519 044)	6 451 356	932 312
(2 341 275)	7 468 393	5 127 118	Community & Social Services	(5 462 103)	6 673 365	1 211 262
(6 282 694)	25 767 543	19 484 849	Public Safety	(9 148 244)	29 486 082	20 337 838
(1 420 179)	15 053 713	13 633 534	Sport & Recreation	(3 369 474)	14 552 822	11 183 348
(1 803 479)	1 656 960	(146 519)	Environmental Protection	(2 247 767)	1 995 834	(251 933)
(38 146 894)	40 608 486	2 461 592	Waste Management	(56 037 077)	42 259 975	(13 777 102)
(1 822 080)	40 983 428	39 161 348	Road Transport	(9 865 063)	40 300 620	30 435 557
(74 093 091)	57 751 309	(16 341 782)	Water	(77 653 785)	74 303 856	(3 349 929)
(95 900 565)	77 509 201	(18 391 364)	Electricity	(223 729 832)	98 628 384	(125 101 448)
(40 946)	118 734	77 788	Engineering Administration	(73 263)	397 405	324 142
(302 447 843)	339 957 299	37 509 456	Sub Total	(478 086 023)	383 488 488	(94 597 535)

MIDVAAL LOCAL MUNICIPALITY

APPENDIX E(1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

REVENUE	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Property rates	72 594 557	79 500 000	(6 905 443)	(8.69)	
Service charges	176 387 629	192 581 700	(16 194 071)	(8.41)	
Rental of facilities and equipment	1 373 216	880 000	493 216	56.05	Increase in rental activities
Interest earned - external investments	1 083 324	600 000	483 324	80.55	Decrease in interest rates and in investments during the year
Interest earned - outstanding debtors	5 716 201	5 860 915	(144 714)	(2.47)	
Government grants and subsidies	174 359 072	177 882 222	(3 523 150)	(1.98)	
Fines	8 714 953	7 017 000	1 697 953	24.20	Intensive law enforcement project was launched
Other income	37 857 070	39 318 300	(1 461 230)	(3.72)	
Total Revenue	478 086 022	503 640 137	(25 554 115)	(5.07)	
EXPENDITURE					
Executive & Council	26 396 623	28 587 869	(2 191 246)	(7.66)	Saving on stationery, marketing and contracted services
Finance & Admin	27 055 059	30 904 127	(3 849 068)	(12.45)	Saving on general expenditure and insurance premiums
Planning & Development	14 987 107	15 922 764	(935 657)	(5.88)	Saving on salaries and legal expenses
Health	6 451 356	8 858 707	(2 407 351)	(27.17)	Saving on salaries and rental expenses
Community & Social Services	6 673 365	7 986 858	(1 313 493)	(16.45)	Saving on salaries and general expenses
Public Safety	29 486 083	31 226 871	(1 740 788)	(5.57)	
Sport & Recreation	14 552 822	16 324 788	(1 771 966)	(10.85)	Saving on salaries and contracted services
Environmental Protection	1 995 834	2 718 046	(722 212)	(26.57)	Saving on salaries and general expenses
Waste Management	42 259 975	46 240 835	(3 980 860)	(8.61)	
Road Transport	40 300 620	37 648 583	2 652 037	7.04	
Water	74 303 856	75 587 695	(1 283 839)	(1.70)	
Electricity	98 628 384	100 198 840	(1 570 456)	(1.57)	
Engineering Administration	397 405	555 991	(158 586)	(28.52)	Saving on employee related costs
Total Expenditure	383 488 489	402 761 974	(19 273 485)	(4.79)	
NET SURPLUS/(DEFICIT) FOR THE YEAR	94 597 533	100 878 163			

MIDVAAL LOCAL MUNICIPALITY

APPENDIX E(2): ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010

	2010 Actual	2010 Budget	2010 Variance	2010 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	%	(Explanations to be recorded)
Executive & Council	255 316	290 000	34 684	11.96	Lower purchase costs
Finance & Admin	6 019	158 500	152 481	96.20	Printer order processed, delivery & payment in 10/11 fin. Year
Planning & Development	85 000	85 000	-	-	
Health	-	722 300	722 300	100.00	Insufficient funds (Grant not received)
Community & Social Services	3 076 317	3 251 648	175 331	5.70	
Sport & Recreation	3 260 127	3 432 000	171 873	5.01	
Engineering Admin	5 035 553	7 380 000	2 344 447	31.77	Delayed due to building plans not approved, carried over to 10/11
Main Sewer	9 963 448	11 974 160	2 010 712	16.79	Lower purchase costs, not delivered in 09/10, carried over to 10/11
Solid Waste	1 429 906	1 490 850	60 944	4.09	
Roads	31 618 087	33 185 000	1 566 913	4.72	
Water	8 483 869	10 647 530	2 163 661	20.32	Delayed due to EIA process and access to the owner's property
Electricity	103 207 719	105 104 737	1 897 018	1.80	
Protection Services	261 498	485 000	223 503	46.08	Unsuufficient provision due to price escalation - Budgeted for in 10/11
TOTAL	167 485 129	181 360 228	13 875 099	7.65	